



## NON-STANDARD CREST CLOSURE – QUICK REFERENCE GUIDE

This is a brief guide to raise awareness and help firms prepare for the actions that need to be taken should Non-Standard CREST Closure (NSCC) be invoked.

CREST is the United Kingdom's securities settlement system operated by Euroclear UK and International Limited (EUI). In the event a failure occurs preventing CREST from a normal close to the settlement day, processes for a NSCC will be applied.

### **What is NSCC?**

**A non-standard CREST closure occurs when there is a major problem which prevents CREST from following its 'business as usual' processes at the end of the day. Auto-collateralised repos (ACRs), which have generated liquidity for CREST settlement banks intraday, are prevented from unwinding before EUI and the Bank of England close Delivery versus Payment. Funds from settlement banks' repo accounts are moved to their CREST settlement accounts. This can then be swept to their CHAPS settlement account so that RTGS can be closed, effectively simulating the unwind of any ACRs outstanding.**

CREST will carry account positions into the next business day (or until the operational outage has resolved). The Bank will convert all intra-day ACRs into overnight borrowing, usually under our OSF (Operational Standing Facility). The collateral used in the ACR will be utilised for these OSF transactions. This is to ensure all ACR exposures are recorded on an overnight basis. At the start of the next business day after the incident has resolved, the positions will be unwound and the balances will be reinstated back in the CREST cash accounts. The interest rate on the OSF transactions will be confirmed by the Bank on the day.

If the NSCC impacts the participant's liquidity position and they would also like to utilise the Bank's liquidity facilities such as OSF and Discount Window Facility (DWF), please notify the Sterling Dealing Desk as soon as possible. Further information on OSF and DWF can be found in [SMF Documentation](#) and [SMF Operating Procedures](#).

Participants should be aware that this document is intended only as a quick reference guide, and should be consulted in partnership with [SMF Documentation](#). If, after consulting the [SMF Documentation](#), participants are unsure of any point of process they should contact the Bank's front office. In the event of any conflict between procedures outlined here and those outlined in the [SMF Documentation](#) the latter takes precedent.

### **CONTACT DETAILS**

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## Summary of account movements during NSCC

Day 1	
Movement 1	A rebalancing of CREST settlement accounts. To ensure that RTGS correctly reflects account positions in CREST at the point of failure, debits and credits are made manually by the Bank to members' accounts via a Non-CHAPS Transfer (NCT). Figures are provided to the Bank by EUI.
Movement 2	The same is then completed for members' repo accounts, to ensure accounts in RTGS correctly reflect the positions of accounts within CREST.
Movement 3	At this point the Bank converts outstanding repo positions into an overnight loan by reconciling credit repo values (the value of financial instruments that are backing the ACR/liquidity in CREST) to the outstanding ACR values in RTGS. By doing this the Bank can generate overnight lending (usually an OSF) that reflects the repo balances in RT. The OSF is then credited to CREST settlement accounts and the repo balance is debited from repo accounts to an internal account at the Bank.
Movement 4	Movement 4 is then an EOD sweep from CREST settlement accounts back into CHAPS settlement accounts. This is the adjusted balance from movement 1 and the OSF value created in movement 3.
Day 2 – start the day from end of day 1	
Movement 5	Movement 5 will re-credit CREST settlement accounts with the balance at the point of CREST failure on day 1 (this is a reversal of movement 4). Consideration should be taken if an OAT was made prior to NSCC being invoked on day 1.
Movement 6	This movement is the first step to unwind repo figures, prior to the repayment of the OSF movements created on day 1. To do this OSF balances, which were credited in Movement 3, are debited from CHAPS settlement accounts and credited to CREST settlement accounts.
Movement 7	This movement re-credits repo accounts with ACRs (the repo figure members were left with after Movement 2 that was debited in Movement 3) that members were left with after RTGS was updated with the final CREST position.
Movement 8	This is the repayment of the OSF. In this case the balance that was credited to CREST settlement accounts in Movement 6 is debited from the members' account back to the Bank of England's internal account.
Movement 9	Any OSF interest generated is debited from Reserves (CHAPS Settlement) accounts.

*\*If members have ALTs (Auto Liquidity Transfers), these may or may not be taken into account in the first movement over to CREST on day 2.*

*\*\*If CREST issues are not resolved on day 2, day 1 movements are repeated.*